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Document No. <u>2</u>
No Change In Class. <input type="checkbox"/>
<input type="checkbox"/> Declassified
Class. Changed To: TS <u>8</u> <u>C</u>
Auth.: HR 70-2
Date: <u>15/1/78</u> By: <u>025</u>

24 April 1951

MEMORANDUM FOR: SPECIAL ASSISTANT FOR RESEARCH
OFFICE OF POLICY COORDINATION

THROUGH: CHIEF, ADMINISTRATION AND LOGISTICS STAFF

SUBJECT: Official Entertainment of Government Employees

1. The tentative proposal has been made that this Agency reimburse various employees for expenses incurred in Washington, D.C., in the exclusive entertainment of employees of other Government Agencies in the course of official business.

2. The problem involved is, of course, extremely controversial. It has been argued both pro and con many times, and, up to the present time, the considered decision has always been against reimbursement of expenses incurred in entertaining United States officials in the continental United States. At the same time, it was recognized that from time to time isolated field representatives lacking the direct support and prestige of the Agency might be required to entertain representatives of the Armed Services, Congress and the Foreign Service on a pseudo-personal basis in order to cement personal relationships which when exploited would result in assistance to this Agency beyond the scope of expected mutual assistance among agencies. Such instances were considered to be extraordinary and requiring detailed justification.

3. The above, therefore, reflects present Agency policy, and it would not be within the province of the Finance Division or the Deputy Comptroller to amend this policy without the written concurrence of the Deputy Director for Administration.

4. For your information, the various arguments which have been raised historically are presented below for your consideration:

a. Pro:

(1) It is admittedly often beneficial to conduct inter-Agency liaison over a luncheon or dinner table. Not only is such liaison likely to be more leisurely and carefully conducted, but there is a predisposition on the part of officials of other agencies to cooperate beyond the requirements of their official duties.

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(2) If the CIA representative pays for the cost of such entertainment, a sense of personal obligation is created which will further redound to the benefits of CIA.

(3) It is unreasonable to expect a CIA employee to incur personal expense in the entertainment of employees of other agencies when the entertainment is undertaken solely for the purpose of furthering the affairs of CIA.

b. Cons:

(1) It is contrary to law and, at least in theory, is unnecessary to entertain government officials in order to induce them to provide the cooperation and assistance to which CIA is entitled as an arm of the United States Government. If entertainment is deemed necessary to accomplish Agency objectives, it is a sign of basic inadequacies in inter-Agency relationships which can be corrected by official action.

(2) If CIA representatives follow a practice of paying for entertainment expenses on official liaison contacts, they will create an overwhelming sense of personal obligation to them on the part of the persons being entertained. This will either result in reciprocation on the part of other officials or they will tend to avoid or shun further invitations.

(3) It is inevitable that the CIA representative will disclose or the other official will surmise that the confidential funds of CIA are being used for this purpose. When this happens not only will any sense of personal obligation cease, but a reactionary sense of resentment and envy will set in.

(4) This resentment could and doubtless would become a grossly exaggerated hazard to CIA in public and Congressional circles. The damage that would result will vastly exceed any benefits CIA would derive from such entertainment or any nominal hardship or inequity to CIA officials engaged in liaison activities.

5. In recapitulating these points, the writer does not mean to imply that he does not believe that abnormal or unusual circumstances may not arise where the quasi-personal or even official entertainment of Government officials may not only be desirable but even necessary. A basic criterion is suggested below which might be applied in establishing such circumstances.

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a. Entertainment of employee of other Government agencies to elicit information or assistance vital to the conduct of covert operations of CIA when there is no relationship between such information or assistance to the duties presently or formerly performed by said official while employed by his present agency. Under these circumstances, entertainment of government officials would be merely a nominal fee for services rendered which are entirely unrelated to those for which the employing agency has an inherent responsibility or the services for which the Government official is being paid by the Government.

6. In addition to the above, I believe there may be other criteria which might govern a policy for the reimbursement of certain so-called entertainment expenses. Such expenses, at least in part, might be out-of-pocket cost to a government official rendering voluntary services to CIA unrelated to his official duties. Under such circumstances, an appropriate basis of reimbursement might be evolved. It is therefore suggested that if entertainment in any of its many forms or purposes is deemed a significant problem, a concerted OSC/OPC study might produce a series of criteria and procedures under which the problem could be met. It is therefore suggested that the matter be referred to the Chief, Administration and Logistics Staff, OPC, for appropriate action. The writer would be happy to participate and assist in the development of an appropriate solution.

[Redacted]
Deputy Comptroller

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CAL/OPC (1)

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Finance Division [Redacted]
Asst. Deputy Director (ADM) thru Comptroller
Stayback (2)

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